

NECA Wholesale Stand-Alone DSL Rate

- Since 2012, Nex-Tech's stand-alone wholesale DSL rate has increased more than 200%.

NECA Stand-Alone Wholesale DSL	Rate
January 1, 2012	\$34.14
July 1, 2012	\$35.99
January 1, 2013	\$61.09
July 1, 2013	\$75.44
July 1, 2014	\$102.94
Overall Increase	\$68.80
Percentage Increase	202%



Call Completion Issues

The Issue: Nex-Tech's customers continue to be harmed by call termination and routing issues that originate outside Nex-Tech's network. LD carriers, who are the bad actors, are often not interested in trouble shooting unless Nex-Tech's customer implores the calling party to file a complaint with the FCC. Even after a complaint has been filed and routing changes are made by the offending carriers allowing calls to complete to our customers, many times within a few weeks the problem reoccurs.

- Our customers continue to experience call completion issues, despite the FCC's current efforts to penalize offending carriers. The issues seem to subside for a while and then come back with a vengeance. We are not sure what drives the ebb and flow of this harmful issue.
- We have attached some real life examples from our small business customers for your review.

Business customers who have experienced LD trouble (and reported it).

REDACTED SPREADSHEET



Retransmission/Programming Fees and Must Carry

The Issue: Small rural companies are being forced to pay exponentially increasing fees for broadcast television channels available for free over the airwaves in urban areas.

Retransmission Fees: (per customer, per month)

REDACTED TABLE

- Nex-Tech serves customers in both the Wichita, Kansas, Designated Market Area (DMA) and the Lincoln-Hastings-Kearney, Nebraska, DMA.
- The range in fees is because not all of the same channels are retransmitted in every town, as it depends on the market the community is located in.
- Retransmission Fees are directly passed through as a line item on customers' bills.
- Fees for off-air broadcast channels and rates are negotiated by Nex-Tech directly with each station or its ownership group.
- Redacted bullet.
- Redacted bullet.

Organizational Quick Facts

Nex-Tech

CEO/General Manager: Jimmy Todd

Chief Financial Officer: Rhonda S. Goddard

Chief Operating Officer: Mike Pollock

Parent Company:

Rural Telephone Service Co., Inc., dba Nex-Tech

Incorporated: February 13, 1951

- A cooperative, owned by its members, with an elected seven-member Board, serving 39 exchange areas
- Owns 100% of Nex-Tech

Subsidiary: Nex-Tech, Inc.

Incorporated: July 7, 1989

Offices:

Parent Company Headquarters:

145 N. Main,

PO Box 158, Lenora, KS 67645

Telephone: 877.567.7872 or 785.567.4281

Fax: 785.567.4401

Subsidiary Headquarters:

2418 Vine, PO Box 339,

Hays, KS 67601

Telephone: 877.625.7872 or 785.625.7070

Fax: 785.625.4479

Additional Offices: Courtland, Dodge City, Downs, Great Bend, Hill City, Hoxie, Norton, Phillipsburg, Plainville, Osborne, Quinter, Russell, Salina, Smith Center, Stockton, WaKeeney

Web Site: www.nex-tech.com

300+ full-time employees

Services:

Provides a full line of voice, video, data and other communication services to 30,000 residential and business customers in more than 86 communities, of which 17 are unincorporated, in 19 Kansas counties covering 9,300 square miles.

- Local Telephone Service
- Long Distance
- High-Speed Internet
- Digital TV
- Internet Service Provider for two companies
- Nex-Tech Directory Services - Publishes 4 Directories
- Multimedia Production
- Business Technology Solutions
 - Business Telephone Systems
 - Video Surveillance
 - Security Systems
 - Network Infrastructure and Monitoring
 - Cable & Wireless Networks
 - Data Security Services
 - Online Data Back-up
 - Cloud Services
 - Mobile Radio Services
 - Tower Construction & Maintenance





Local Rate Floor Increase (ILEC Exchanges)

The Issue: Local Rate Floor Increase to \$20.46.

Historical Exchanges	Current	Increase	% Increase
Local Rate	\$16.75		
KUSF Line Charge	\$ 1.45		
Total	\$18.20	\$2.26	12.4%
With EAS	\$18.70	\$1.76	9.4%

Acquired Exchanges	Current	Increase	% Increase
Local Rate	\$17.80		
KUSF Line Charge	\$ 1.45		
Total	\$19.25	\$1.21	6.3%

- We anticipate accelerated disconnects with the Local Rate Floor Increase.
- Our customers cannot afford these continuous rate hikes.

Nex-Tech Access Lines
ILEC Areas

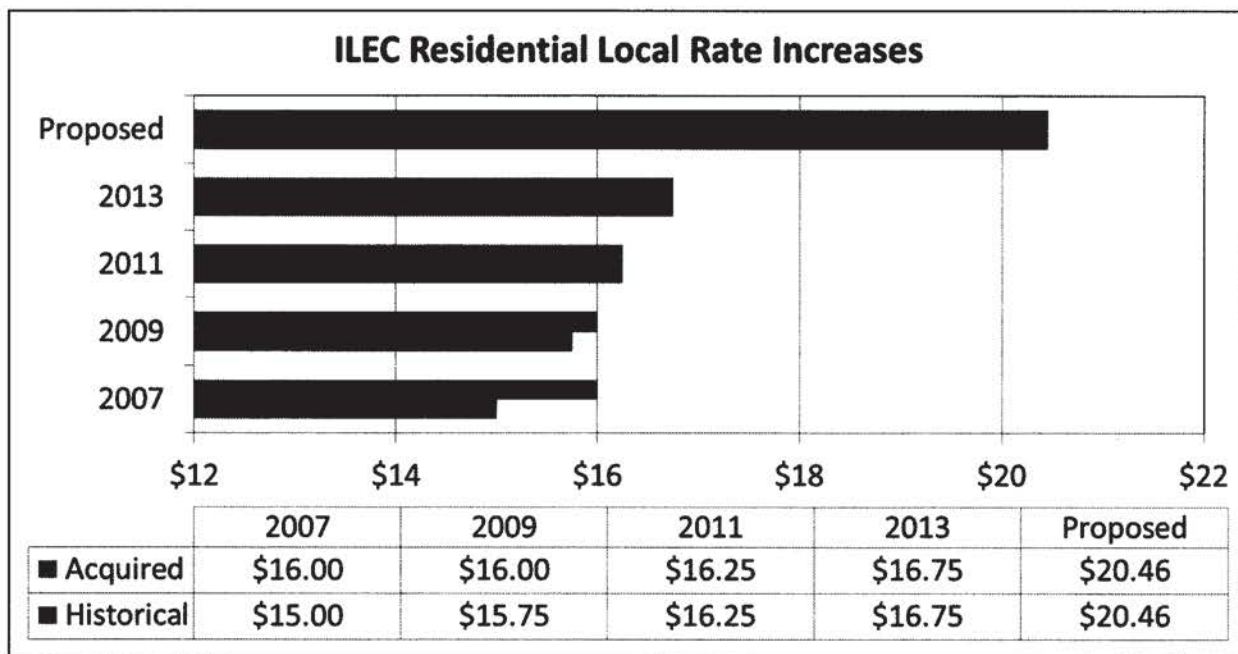
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Nex-Tech Access Lines
CLEC Areas

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Kansas Local Rate Floor

- The Kansas Corporation Commission implemented a Local Rate Floor on March 1, 2007, based on the state-wide average; these local rate increases have resulted in disconnects.



- We propose the Local Rate Floor Increase be delayed indefinitely due to:
 - Lack of comparability of rates to urban areas; i.e. our customers have a much smaller local calling circle.
 - Demographics and income levels of Nex-Tech customers show that rate increases may make land line service unaffordable for many.
 - Raising local rates will inevitably cause more customers to disconnect for broadband only, increasing the pressure on stand-alone broadband rates.

Economic Data for Service Area				
Total Population	Median Age	National Median Age	Median Income	National Median Income
109,146	46.5	37.2	\$42,753	\$53,046



Broadband

- Redacted bullet.
- Redacted bullet.

Nex-Tech Broadband Customers By Speed

REDACTED GRAPH

Stand-Alone Broadband

The Issue: The rural telecom industry needs a cost recovery program for broadband customers, whether or not they choose to keep their telephone service.

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Nex-Tech Consolidated Stand-Alone Broadband and Access Line Comparison

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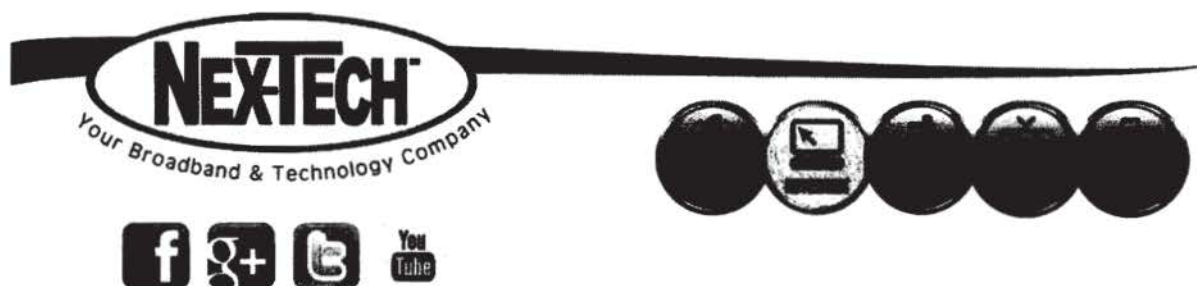
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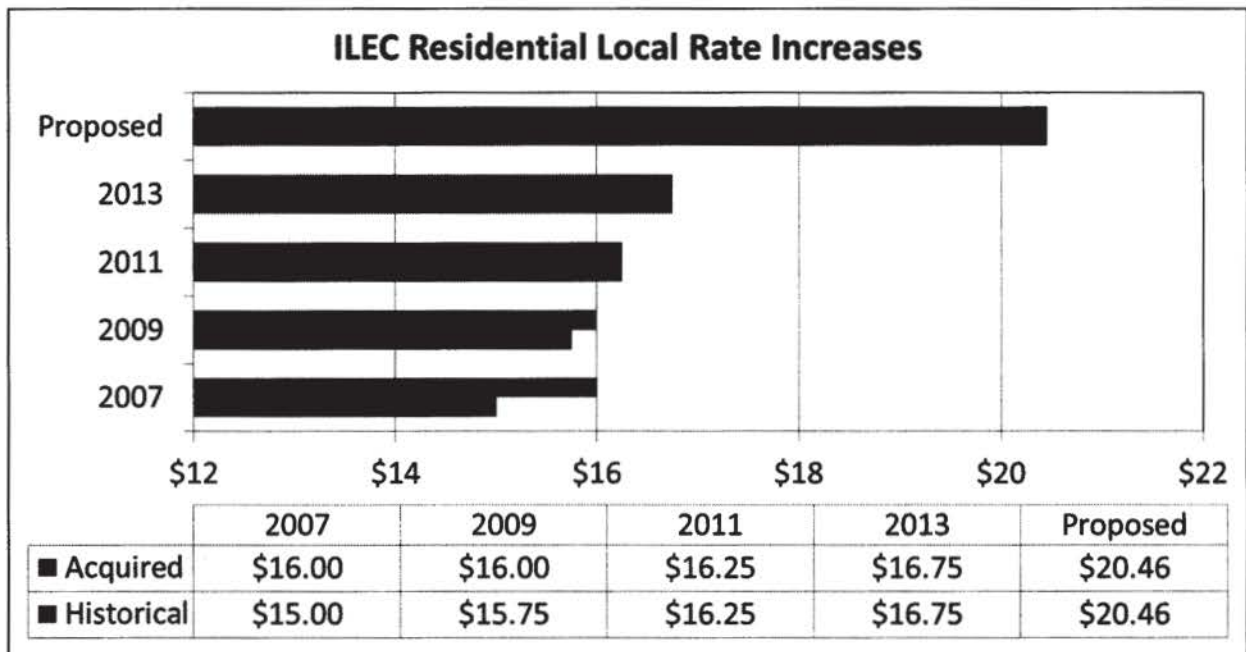
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